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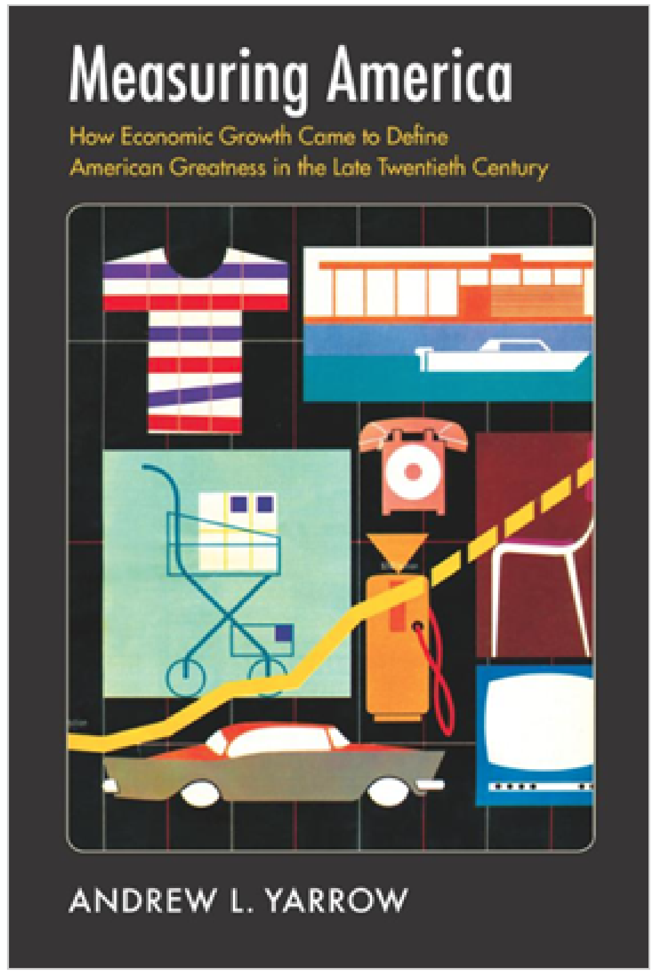
American identity through the lens of economic success

Measuring America: How Economic Growth Came to Define American Greatness in the Late Twentieth Century. By Andrew L. Yarrow. Amherst: University of Massachusetts Press, 2010, 256 pp., $28.95 paperback.



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In this book, Andrew L. Yarrow looks back on America of the 20th century, creating a snapshot of how the U.S. economy and economics in general evolved into what they are today. In the author's words, this evolution was uniquely marked by "constant economic pulse-taking and measurement mania." Yarrow discusses how America came to define itself by the state of its economy and how the demand for and supply of economists grew sharply over time. From 1947 to 1957, the number of Ph.D. programs in economics offered by U.S. universities tripled, and, in the second half of the century, about 60 percent of all federal social science funding went to economists. During the postwar economic boom, the subject of economics enveloped the everyday life of Americans, finding its way into political rhetoric, the public education system, and even television sets (with educational series produced by the Committee for Economic Development (CED)).

Over the last century, America's economy has become the country's most popular measure of success. In the mid-to-late 20th century, economic metrics such as gross domestic product (GDP), hours worked, and household income became the main barometer of national well-being. During the economic expansion of the 1950s, a decade that saw average annual GDP growth of 4 percent, the economy became an identity symbol that Americans could proudly display to the world. To convey the prevailing mood of the time, Yarrow quotes Council of Economic Advisors (CEA) chairman Arthur Burns, who, in 1957, stated that "[t]he American People are nowadays broadly united on major goals of economic policy—a high and stable rate of employment in relation to the labor force, expanding production, improvement in living standards, and a reasonably stable consumer price level."

Fueled by a surge in pent-up consumer demand after World War II, the United States soared to the top rungs of the global economic ladder. Americans were working less hours, receiving more pay, and indulging in leisure at a level inconceivable to previous generations. Consumption and abundance came to define postwar America. New technologies birthed by the war effort—such as microwave ovens, jet-powered engines, plastic, synthetic fibers, and penicillin—were quickly converted to civilian use, helping propel the country's productivity to unfathomable heights. Yarrow also notes that postwar America was primed for economic expansion because, "after years of war-time rationing by the American people, the idea of high consumption was extremely seductive." This consumerist culture helped spur the outstanding economic growth seen in the early 1950s, during Harry Truman's second presidential term.

Keynesian economics exploded in popularity in the mid-20th century. Assuming office in 1953, the administration of President Dwight Eisenhower believed that the main goal of the government was to "maintain a strong and growing economy." In a reversal from the laissez-faire attitudes of the early 20th century, the administration took a more active role in managing the economy, bringing federal spending to nearly 20 percent of GDP. This spending was significantly higher than that of any previous period in American history, feeding initiatives such as the CEA, efforts under the Employment Act of 1946, and economic education programs. The creation of economic committees, councils, and organizations flourished as well, aiming to educate policymakers and the public. With increasing attention to economic health came an increasing concern about economic growth. In discussing this shift, Yarrow highlights the concept of "growthmanship," or the idea of using fiscal policy to achieve sustained, substantial economic growth. This idea gained traction from 1958 to 1962, especially against the backdrop of the "anemic" 2.6-percent annual growth at the tail end of Eisenhower's administration. Growthmanship was vigorously backed by Leon Keyserling, former chairman of the CEA, and Nelson Rockefeller, future Vice President to Gerald Ford, both of whom called for 6-percent annual growth.

Reflecting these developments, Americans' way of life became centered on production numbers. The overall mindset was that "high production can only be sustained through high consumption on the expectations of high wages"—a self-sustaining cycle that carried America's postwar expansion into a decade of consistent growth. As the American people saw rising prosperity through steadily increasing wages (purchasing power), the government provided income security (unemployment insurance) and adopted Keynesian fiscal policies that boosted demand. For its part, business saw steadily rising revenues and profits that would propel America into a "material utopia."

Although economics education gradually entered the public school system in the first half of the 20th century, it became much more pervasive from the 1950s onward. History books began to highlight the prosperity of the nation, citing higher living standards, greater life expectancy, and shorter working hours. A number of different organizations, such as the CED, the Joint Council on Economic Education, the National Association of Manufacturers (NAM), and the American Economic Association, started flooding public schools with literature and short films on the greatness of America's economic system. Between 1959 and 1963, the NAM distributed 3.5 million copies of *Industry and the American Economy* to public schools. Another organization, the Twentieth Century Fund, produced films for the classroom, most notably *Productivity—Key to Plenty*. A mentality of "produce and spend" was being drilled into the youth, reflecting the notion that high production can only be sustained through high consumption. Acknowledging this change in American identity, Yarrow suggests that postwar America shifted its ideals away from freedom, liberty, and equality and toward free enterprise, productivity, and prosperity. In his words, "The ideals were now like a wallpaper—a pretty background adornment that was not pondered too deeply, and not the big story."

Overall, *Measuring America* provides an interesting synopsis of the U.S. postwar economic boom, examining how it influenced American culture and identity. In this account, abundance and plenty came to define America's success, and economics became the tool that could measure this success. Starting in the latter half of the Eisenhower administration, the Keynesian economics wave gained mass popularity, economics education surged into the public school system, and ordinary American citizens became infatuated with monthly economic statistics showcasing the country's success. In my view, the identity connection Americans have with their economy is still very present today. You will be hard pressed to find a news program that isn't talking about the Employment Situation news release published by the U.S. Bureau of Labor Statistics on the first Friday of each month.